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C O N F I D E N T I A L SECTION 01 OF 02 GUATEMALA 002916

SIPDIS

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TAGS: [PGOV](#) [PINR](#) [PREL](#) [EAID](#) [GT](#)

SUBJECT: FRG CONGRESSMAN COMMENTS ON ELECTORAL DEFEAT

REF: GUATEMALA 2889

Classified By: PolCouns David Lindwall for reason 1.5 (b) and (d).

1. (C) Summary: FRG Congressman-elect Antonio Arenales told the Ambassador on November 13 that the FRG accepts its electoral defeat and will not challenge the election results. The FRG will not endorse a candidate in the second round elections. Within the party there are those who want the FRG to play the role of loyal opposition and those who want to make it difficult for the next government to govern successfully. It is unclear at this point which of the two factions will predominate. We will continue to use our contacts with the FRG to urge them to support the democratic process in Guatemala, consistent with the values they claim to uphold. End summary.

2. (C) In a breakfast with the Ambassador, DCM and PolCouns on November 13, FRG Congressman-elect and soon-to-be former Ambassador to the U.S. Antonio Arenales said that the FRG accepts its defeat in the November 9 presidential elections and will not challenge the results (Note: There were reports on November 12, per reftel, that the FRG might lodge a legal challenge. End note). He said some in the party (including himself) expected the loss of the presidential election, but that others are disappointed and "have their swords drawn" to continue the political confrontation that has characterized the past four years. Arenales suggested that the party's national leaders (including Zury Rios and Aristides Crespo) are beginning to focus on the FRG's legislative strategy, after winning the largest single party bloc in Congress, while some of the leaders in rural areas are not yet reconciled to the party's presidential defeat. He said General Rios Montt himself is quite at peace ("tranquilo") about the loss, but suggested the General's wife and daughter are less so. Arenales said some in the party believe the FRG will be better positioned in the next election if the government that takes office on January 14, 2004 is a failure, and they are arguing for a frontal opposition to the new government to ensure it is not a success. He urged us to weigh-in with our other FRG contacts to convince them of the wisdom of not waging an opposition that could make Guatemala ungovernable.

3. (C) Arenales said the FRG would not endorse a candidate in the second round. He said that if the FRG picked wrong and endorsed the loser, there would be no space for them to reach compromises with the new government.

4. (C) Arenales believes that there is space for the FRG to work with the new government, whoever is elected on December 28, on very concrete issues where there is a mutual interest. He is not sanguine, however, that the new government will reach out to the FRG and fears they may start the relationship off with a confrontation. He said that if the new government tries to repeal the minimum wage raise decreed by President Portillo following the FRG's electoral defeat, it provoke a confrontation with the FRG from the start and make it difficult to generate momentum for cooperation. (Note: On November 11, President Portillo decreed the largest minimum wage increase of his presidency -- 21% for agricultural workers, 16% for all others. The increase was announced after it was clear that the FRG would not inherit the huge expense this will represent for the national budget, and is widely viewed as the FRG's parting shot at the new government and the private sector. End note).

5. (C) Arenales said many in the FRG blame President Portillo's corruption for the party's electoral defeat, and they would like to see him and his Private Secretary, Julio Giron, behind bars. He added that Vice Presidential candidate Edin Barrientos is not a member of the FRG's inner circle and is already effectively marginalized from the party's decision making. More surprisingly, he said that Vice President Reyes Lopez has lost his standing with the FRG leadership, and, along with his son, Juan Francisco Reyes Wyld, has been exiled to the Central American Parliament, where they will enjoy immunity (from possible new "Panama Connection" investigations), but have no influence.

6. (C) Arenales expressed concern that Guatemala would become "ungovernable" if Alvaro Colom wins the presidency in December, arguing that his small base in Congress (roughly 20%), the lack of cohesion of his diverse team, and his alleged ties to "shady businessmen" (a common, but unsubstantiated, rumor) would represent a serious handicap

from the start. He said that Berger and his CACIF allies are at least "rational and predictable" (Note: Conventional wisdom is that the FRG favors a Colom victory, as they believe Colom would pursue the FRG corruption in the courts with less vigor than a CACIF-backed Berger government. Arenales' professed preference for Berger may come from his own strong pro-military, anti-left views, which make the center-left Colom look like the red menace. End note).

17. (C) Comment: The FRG is slowly getting used to its overwhelming defeat in the November 9 elections, and is starting to look at how it can use its large presence in Congress and its control of a large number of municipalities to protect its interests during the next four years. It is too soon to tell if the FRG will play the role of loyal opposition or spoiler, and there are clearly forces within the party pulling in both directions. We will continue to use all contacts with the FRG to urge it to play a role consistent with the democratic values it claims to represent.

HAMILTON